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R 040217Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

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E.O. 11652: N/A

TAGS: OVIP (SIMON, WILLIAM), TC

SUBJECT: SECRETARY SIMON'S VISIT TO THE UAE

1. WE HAVE BEGUN TO FOCUS ON MAIN SUBJECTS AND ACCOMPLISHMENTS LIKELY TO ARISE OUT OF SECRETARY SIMON'S TRIP TO THE UAE. WE FEEL THAT OBJECTIVE OF VISIT SHOULD BE TO USE SECRETARY'S PRESENCE TO DEMONSTRATE MORE VISIBLY EVOLVING CLOSER RELATIONSHIPS BETWEEN US AND UAE AND IN PARTICULAR TO REVIEW AND DISCUSS WIDE RANGE OF ACTIVITIES IN WHICH TWO COUNTRIES CAN COLLABORATE.

2. FOLLOWING ARE SOME OF OUR IDEAS ON HOW THIS MIGHT BE ACCOMPLISHED. PER AMBASSADOR'S PREVIOUS MESSAGES ON NEED
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FOR SENIOR LEVEL VISIT TO LAUNCH SYSTEMATIC TECHNICAL COOPERATION PROGRAM, SECRETARY'S VISIT WOULD GIVE BOOST

TO PROGRAM OF COUNTRY FINANCED (I.E., REIMBURSABLE) TECHNICAL COOPERATION AND SET STAGE FOR FORTHCOMING AID TECHNICAL TEAM. SECRETARY'S DISCUSSION WOULD EXPOSE HIGHEST LEVEL UAE OFFICIALS TO THE SIGNIFICANCE OF SUCH COOPERATIVE EFFORTS AND GAIN THEIR SUPPORT IN SYSTEMATICALLY IDENTIFYING MUTUALLY ADVANTAGEOUS PROJECT ACTIVITIES. SECRETARY WILL BE COMING FROM SAUDI ARABIA WHERE HE WILL HAVE ENGAGED IN MEETINGS OF JOINT COMMISSION AND DISCUSSION OF WIDE RANGE OF PRESENT COUNTRY FINANCED TECHNICAL CO-

OPERATION EFFORTS AND PROSPECTIVE PROGRAMS THERE. SINCE TECHNICAL EFFORTS IN UAE NEARLY IDENTICAL IN NATURE TO APPROACH WE ARE FOLLOWING IN SAUDI ARABIA, SECRETARY WOULD UNDERSCORE THAT COUNTRY FINANCED TECHNICAL COOPERATION EFFORTS CAN AND WILL REPRESENT MAJOR US COMMITMENT TO CLOSER ECONOMIC TIES BETWEEN US AND UAE, WITHOUT NEED FOR FORMAL JOINT COMMITTEE MECHANISM.

3. SECRETARY WOULD ALSO WISH TO ENGAGE IN BROAD DISCUSSION OF BILATERAL TRADE POTENTIAL AND PERHAPS AGREE ON SOME GENERAL TRADE TARGET TO WHICH THE TWO COUNTRIES CAN ASPIRE. BECAUSE MUCH OF COMMERCIAL TRADE IS WITH DUBAI, AND RASHID HAS INDICATED DESIRE TO BROADEN CONTACTS WITH US BEYOND SPECIAL LINKS WITH UK, MIGHT BE DESIRABLE FOR SECRETARY TO MEET WITH RULER OF DUBAI DURING HIS VISIT PROVIDED MEETING CAN TAKE PLACE IN ABU DHABI AND NOT CREATE PROBLEMS WITH SHAIKH ZAYID SINCE TIGHT TIME SCHEDULE WOULD NOT PERMIT STOPOVER IN DUBAI. WOULD WELCOME EMBASSY'S COMMENTS ON BEST MEANS ACHIEVING UNDERSTANDINGS TO EXPAND BILATERAL TRADE.

4. WASHINGTON AGENCIES ALSO FEEL THAT OVERALL OBJECTIVE OF TRIP COULD BE ENHANCED CONSIDERABLY AND EXTREMELY USEFUL PRECEDENT ESTABLISHED, IF TWO COUNTRIES CAN AGREE IN PRINCIPLE TO A COOPERATIVE AID ARRANGEMENT FOR PARALLEL FINANCING OF BOTH DEVELOPMENT AND INVESTMENT PROJECTS IN LDC'S. OUR GOAL WOULD BE TO GAIN AGREEMENT IN PRINCIPLE THAT UAE WOULD SET ASIDE SOME FUNDS FOR THIS PURPOSE. IDEA SHOULD NOT BE PORTRAYED AS DEVICE TO INDUCE HIGHER LIMITED OFFICIAL USE
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AID FLOWS FROM UAE SINCE UAE OFFICIALS APPARENTLY FEEL QUITE STRONGLY THAT PROBLEM IS IN OTHER DIRECTION - THAT DEMANDS ON UAE FOR AID ARE EXCESSIVE. INSTEAD FORMAL JOINT COOPERATION ARRANGEMENT COULD HELP UAE TO STRETCH ITS AID FURTHER, TAKE ADVANTAGE OF US TECHNICAL EXPERTISE, AND AT THE SAME TIME PROVIDE IT OPPORTUNITIES FOR INVESTMENTS IN LDC WHICH NOT NOW AVAILABLE.

5. NOT ONLY WOULD THIS ARRANGEMENT BRING TO ATTENTION OF UAE OFFICIALS AVAILABLE PROJECT OPPORTUNITIES BUT FOR

MOST PROPOSALS IT WOULD ENSURE THAT PROJECT HAS BEEN SCREENED BY EXPERIENCED USG AGENCIES AND COULD PROVIDE CONVENIENT MODELS FOR UAE DISBURSEMENTS AND COLLECTIONS ON LOANS. UAE WOULD BE UNDER NO OBLIGATION TO FINANCE PORTION OF ANY SPECIFIC PROJECT PROPOSAL, NOR WOULD IT BE OBLIGED TO FINANCE MINIMUM AMOUNT OF ANY PROJECT IN WHICH IT CHOOSES TO PARTICIPATE. DISCRETION WOULD BE ENTIRELY THEIRS. IN MANY CASES FINANCING GAP FOR SPECIFIC PROJECTS IN LDC'S IS SMALL PROPORTIONATELY AND UAE CONTRIBUTIONS CAN BE DETERMINANT OF SUCCESS OR FAILURE OF PROJECT START-

UP. THUS WE SEE GREAT POLITICAL BENEFITS TO UAE THROUGH THIS PROPOSAL. ANOTHER ASPECT OF PROGRAM WOULD BE AVAILABILITY US EXPERTS AND GENERAL ADVISORY/TECHNICAL ASSISTANCE TO AID UAE IN ANY FEASIBLE WAY IT REQUIRES IN ITS AID/INVESTMENT GOALS AND ACTIVITIES IN LDC'S.

6. OUR IDEA WOULD BE THAT AID WOULD DESIGNATE A CONTACT POINT FOR ALL WASHINGTON AGENCIES, INCLUDING OPIC AND EXIMBANK WHO WOULD FOLLOW THROUGH WITH DESIGNATED UAE COUNTERPART TO BRING SELECTED PROJECT PROPOSALS TO UAE'S ATTENTION. IF THIS IDEA ACCEPTABLE TO UAE WE WOULD HOPE THAT EITHER JOINT STATEMENT ON CONCLUSION OF SECRETARY'S VISIT OR SECRETARY'S DEPARTURE STATEMENT COULD INDICATE THAT UAE HAD AGREED TO EARMARK SPECIFIED SUM - WE WOULD HOPE THIS WOULD INITIALLY BE AT LEAST DOLS 100 MILLION - FOR COOPERATIVE ARRANGEMENT FOR PARALLEL FINANCING OF DEVELOPMENT PROJECTS AND INVESTMENTS IN LESS DEVELOPED COUNTRIES. TO PROVIDE UAE MAXIMUM FLEXIBILITY, NO INDICATION WOULD BE MADE OF TIME FRAME FOR DISBURSEMENT. OUR POSITION BOTH PUBLICLY AND PRIVATELY WOULD BE TO SEE LIMITED OFFICIAL USE
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HOW ARRANGEMENT WORKS AND IF SUCCESSFUL, ADDITIONAL FUNDS BEYOND THE INITIAL AMOUNT COULD BE EARMARKED WHENEVER NEEDED.

7. SECRETARY WOULD ALSO LIKE TO DISCUSS WITH UAE OFFICIALS THEIR POLICIES AND ATTITUDES TOWARD FUTURE AID COMMITMENTS AND INVESTMENT OF B/P SURPLUS AND IN PARTICULAR TO OBTAIN FROM THEM SOME DETAILED INFORMATION WITH RESPECT BOTH TO THEIR PRESENT INVESTMENT IN US AND PROSPECTIVE PLANS INCLUDING INFORMATION ON TYPE OF INVESTMENT, ROUGH MAGNITUDES AND INVESTMENT GUIDELINES AND GOALS.

8. IT IS TOO EARLY TO TELL WHETHER WE WILL HAVE ANYTHING ADDITIONAL TO ADD TO PREVIOUS DISCUSSIONS WITH RESPECT TO STEEL AND FERTILIZER PLANTS AND OIL AND GAS PROJECTS BUT WOULD EXPECT TO COVER THIS AT LEAST IN CONTEXT OF GENERAL US COOPERATIVE EFFORTS AND REIMBURSABLE TECHNICAL ASSISTANCE PROGRAMS. STATUS OF OUR WORK ON STEEL PLANT

WILL FOLLOW SEPTTEL.

9. WE WOULD APPRECIATE ANY VIEWS EMBASSY MAY HAVE ON THESE OR OTHER ISSUES AND AREAS SECRETARY COULD EXPLORE AND/OR ADVANCE DURING HIS VISIT ASAP. WHERE NECESSARY YOU SHOULD DISCUSS OUR THINKING WITH APPROPRIATE UAE OFFICIALS AND REPORT THEIR REACTION TO ENABLE US TO ASSESS EXTENT OF EFFORTS WE WILL NEED TO ENSURE THIS IS SUCCESSFUL.

10. WITH RESPECT TO TRAVEL PLANS, ALTHOUGH ETA AND DEPARTURE TIME TENTATIVE, SECRETARY AND PARTY WILL ARRIVE

UAE APPROXIMATELY 11 AM, MARCH 4, AND DEPART FOR EGYPT AROUND 7:15 PM SAME DAY. DURING THIS TIME WOULD HOPE TO MEET WITH SHAIKH ZAYID, MINISTER OTAIBA, MINISTER SUWAIDI AND OTHER APPROPRIATE HIGH LEVEL UAE OFFICIALS. IN LIGHT OF NUMBER AND COMPLEXITY OF FINANCIAL ISSUES OUTLINED ABOVE, WOULD APPRECIATE EMBASSY'S VIEWS WHETHER JOINT MEETING WITH SUWAIDI, HAMDAN, AND HABROUSH AS PROPOSED ABU DHABI'S 146 WOULD BE MOST HELPFUL OR WHETHER SEPARATE MEETING WITH HABROUSH WITH OR WITHOUT HAMDAN WOULD BE PREFERABLE. INGERSOLL

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